

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
EXECUTIVE OFFICE OF THE PRESIDENT  
WASHINGTON, D.C.  
20508**

---

USTR PRESS RELEASES ARE AVAILABLE ON THE USTR WEBSITE AT [WWW.USTR.GOV](http://WWW.USTR.GOV).

---

**FOR IMMEDIATE RELEASE  
JUNE 21, 2001**

**01-42  
CONTACT: RICHARD MILLS  
(202) 395-3230**

**USTR Announces Continued Monitoring of Procurement  
by Japanese NTT Companies**

*U.S. Government and industry will continue to monitor NTT procurement practices to ensure increased opportunities for U.S. telecom equipment companies*

WASHINGTON - United States Trade Representative Robert B. Zoellick announced today that the United States will not renew the bilateral Nippon Telegraph and Telephone (NTT) Agreement with Japan covering NTT procurement due to substantive progress on this issue. The agreement is set to expire July 1, 2001. Instead, the United States will actively monitor NTT's procurement practices and purchases from U.S. suppliers through information provided by U.S. industry.

"The notable growth in U.S. sales to NTT over the lifetime of the Agreements demonstrates that the cooperative efforts of our two governments can successfully lead to a more competitive and open telecom market in Japan," said Ambassador Zoellick. "This benefits both U.S. telecom equipment suppliers and the NTT companies."

"However, more remains to be done to achieve a fully open NTT market," he said. "We believe the best way to pursue this goal is to continue to closely monitor NTT purchases and purchasing practices in coordination with U.S. industry."

As a result of the NTT Agreements, U.S. suppliers have made important and increasing inroads with NTT, the largest single procurer within the Japanese telecommunications equipment market. NTT purchases account for approximately one third of Japan's \$32 billion telecom equipment market. Before the first NTT Agreement was concluded in 1980, less than 1% of NTT's purchases were from foreign firms. Under these successive Agreements, NTT has moved towards making procurement

decisions based on market-driven, competitive factors. As a result, purchases of foreign equipment have increased. However, the foreign share of the NTT equipment market continues to lag behind that of the Japanese private sector telecom market. It also lags behind foreign penetration in other key telecom markets around the world. In 2000, for example, foreign shares of the U.S., Canadian, and German telecom markets were 28 percent, 59 percent, and 45 percent, respectively.

“We will look to NTT to continue to close this gap and to provide new opportunities for globally competitive U.S. suppliers with their leading technology products,” Ambassador Zoellick said. “The U.S. Government will closely monitor developments and will pursue with the Government of Japan any future problems or issues related to NTT procurement.”

In conjunction with actively monitoring NTT’s procurement procedures and purchases from U.S. suppliers after the Agreement expires, the U.S. Government will continue to urge Japan to establish a more competitive and open telecom market in Japan through our bilateral deregulation talks.

### **Background:**

The U.S. Government has continued to push for increased public sector purchases (including by NTT companies) of U.S. telecom equipment through a series of bilateral and multilateral agreements with Japan. This is part of the United States’ broader telecom agenda with Japan. The Japanese telecom sector has long been encumbered by excessive, outdated regulations and controlled by a dominant carrier, NTT. Over-regulation of new entrants in Japan’s telecom sector and weak controls over the dominant carrier NTT have stifled competition in Japan’s \$130 billion telecom market. Under the U.S.-Japan Enhanced Initiative on Deregulation and Competition Policy, the United States is seeking regulatory changes aimed at promoting a more competitive, open telecom market. This will enable U.S. firms to compete for business on a fair basis, and help stimulate the Japanese economy in a way that benefits Japan’s consumers.

# # #